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23 April 1982

MEMORANDUM FOR: Deputy Director for Intelligence

FROM :

Director of Global Issues

SUBJECT :

NSSD 6 - Energy Security

should be NSSD 9

1. On 20 April, Henry Nau chaired a meeting to launch the analytic work supporting NSSD 6 on energy security issues. In addition to [redacted] the meeting was attended by Dave Denoon (DoD), Dave Burns (State), John Brodman (DoE), and Lou Pugliaresi (State/Policy Planning).

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2. CIA will have a major role in preparing the NSSD. Specifically, we will draft the introductory section that lays out what the energy market might look like over the next 10-15 years and assess the import dependence of the US and its allies. Given this dependence, we will then determine how much of a supply interruption it would take to hurt and how much damage alternative disruptions would cause.

3. Aside from this, the Agency will be involved in assessing the risk of supply disruption in major producing areas. Much of this will draw on DDI work now underway for the NSSD on South-West Asia.

4. Attached is the rough outline and drafting assignments Henry is currently working with.

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Attachment:
As stated

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NSSD 6

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I. Plausible Projections

- A. Evaluate existing projections of energy supply, demand and trade.

<u>in</u>	<u>from and to</u>	<u>over</u>
oil	OECD	present - 1985
gas	Communist Countries	1985 - 1990
coal	LDCs	1990 - 2000

- B. Assess U.S. and allied levels of imports under best and worst case economic assumptions

II. Potential Disruptions

- A. Size and duration of disruptions of oil, gas, coal and uranium imports vulnerability

- definition of vulnerability for US and for allies
- disruption scenarios needed to cause such vulnerability under best and worst case import projections

- B. Sources of such disruptions

- assessment of economic and political instabilities in key exporting countries under best and worst case supply and demand projections
 - consequences of oil price decline for revenues, domestic development and political stability
- assessment of key international conflicts affecting supply
 - Middle East/Persian Gulf
 - Southern Africa
 - Libya and the Tripartite Alliance
 - US-Soviet confrontation in Central Europe
 - technical or accidental disruptions

- C. Likelihood of such disruptions

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- classification of most likely and least likely sources of disruption
- policy judgment of most secure and insecure sources

D. Consequences of such disruptions

- economic
- political
- military

III. Precrisis Planning

A. Policies to deter

1. assessment of secure and insecure sources of supply
 - trends in US and allied imports from insecure sources
 - market obstacles to increased investment in and reliance on more secure sources
2. key policies
 - US and allied bilateral policies toward key exporters
 - US and allied bilateral policies toward multilateral organizations of exporters (OPEC, Arab oil exporters, etc.)
 - US and allied multilateral policies toward suppliers

thru IEA

thru UN

B. Policies to minimize

1. first line of defense, reliance on the market
 - expected behavior of market under various types of disruptions
 - role of private stocks
 - changing role of oil companies in world market

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2. National and international safety net measures
 - review of national measures in allied countries (stocks, surge capacity, etc.)
 - review of international measures (IEA Emergency Sharing System, collective measures for gas vulnerability, etc.)
3. Removing international market impediments to near-term alternatives.
4. Development of long-term, high-risk energy technologies.

IV. Crisis Management

- A. Adequacy of crisis decision-making mechanisms
- B. Meeting US and NATO military requirements
- C. USE of SPR in crisis
- D. International strategies to contain and terminate disruptions
 1. Military measures
 2. Diplomatic and military
 3. Economic coordination
 4. Use of IEA

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Plausible Projections (Part I)	CIA
Potential Disruptions (Part II, A and B)	CIA (same as Part II of SWA NSSD)
Likelihood and Consequences of Disruptions (Part II, C and D)	State/Energy/OMB
Policies to Deter Disruptions (Part III, A)	State/Energy
Policies to Minimize Effects (Part III, B, 1)	OPD/Energy
Policies to Minimize Effects (Part III, B, 2)	State/Energy
Policies to Minimize Effects (Part III, B, 3 & 4)	Energy/OPD
Crisis Management (Part IV, A)	NSC
Crisis Management (Part IV, B)	JCS
Crisis Management (Part IV, C)	Energy/State
Crisis Management (Part IV, D)	State/DoD

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